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COMMERCIAL CARRIER JOURNAL

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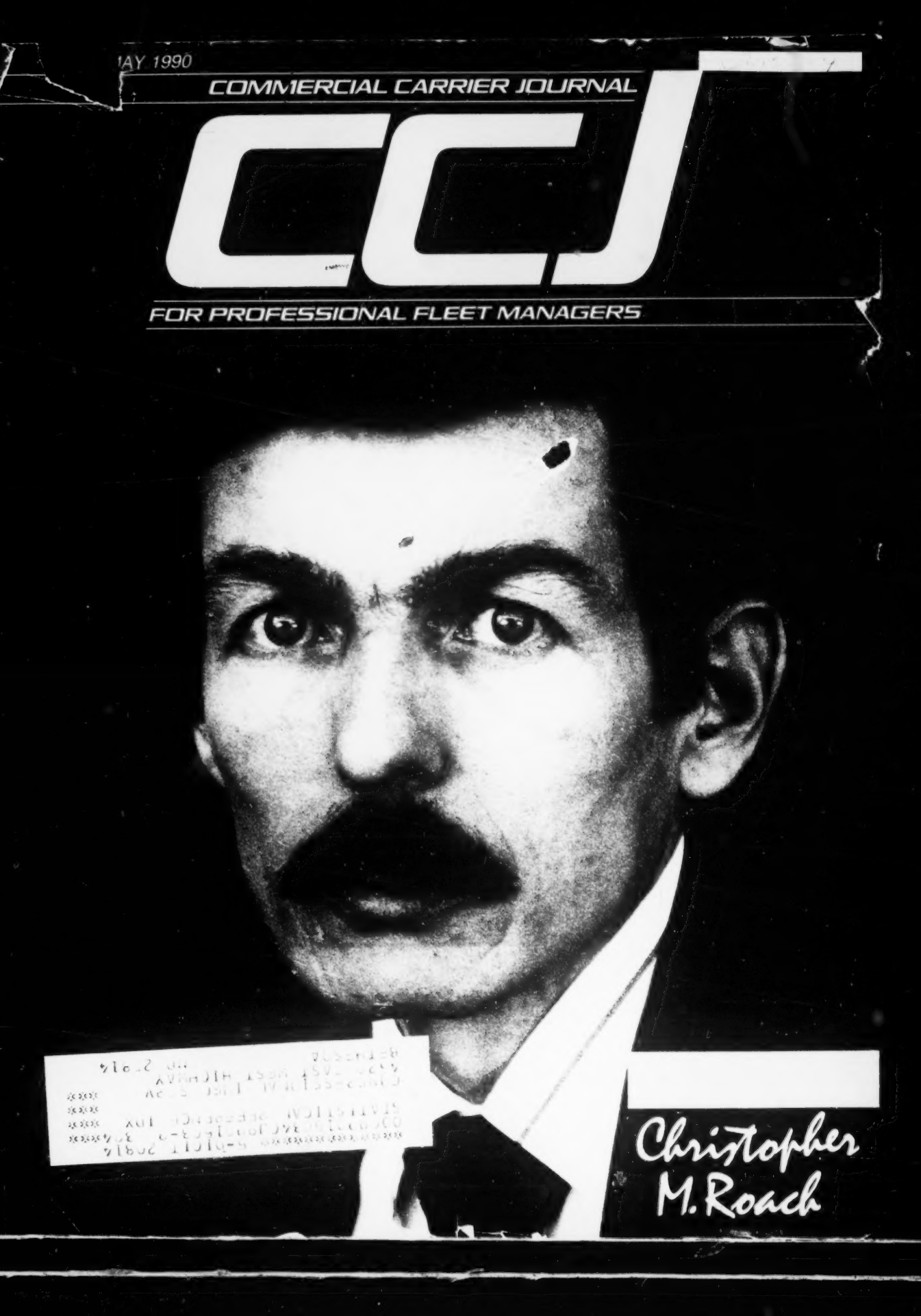

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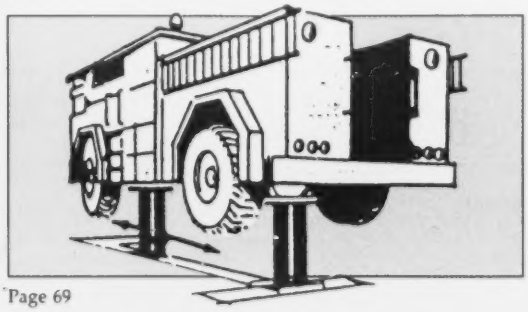

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IN THE NEXT ISSUE

The federally mandated commercial drivers license test isn't easy, but it's not impossible either.

After a dismal 40% failure rate on the written portion of the test, initially reported in California, carriers and drivers woke up to the fact that pre-test studying was essential for many drivers to pass the new CDL test.

Management support via assistance in study is helping many drivers pass the test. June's cover story will demonstrate what a carrier must and can do to help get past this potential roadblock and keep its drivers driving. In addition, it includes tips for dealing with drivers' special learning needs, outlines current legislative standing state by state and lists companies offering CDL learning tools. □

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State regs, lack of uniformity cost truckers $4 billion a year

By EILEEN NASE, *Senior Editor*

To support his contention that "the crazy quilt of state economic regulations and paperwork requirements is a waste of American resources we can no longer afford," Secretary of Transportation Samuel K. Skinner offered the following statistics at the National Private Truck Council's annual meeting in Chicago in April:

• 42 states continue to regulate the rates, routes, services and entry into the trucking industry.

• State regulation and lack of uniformity are imposing "between $4.1 billion and $6.2 billion a year in extra costs on truckers, and indirectly on shippers and consumers."

Skinner broke down those estimated totals and spelled out the extra costs some industries are paying annually: more then $300 million by the food industry; $19 million by the textile and apparel industries; $68 million by the paper industry; $33 million by the chemical industry; $16 million by the drug and cosmetic industries.

Skinner characterized economic deregulation and uniformity of state requirements as "provocative and controversial. They cut to the very heart of the economy..., and they must be dealt with sooner rather than later.... That is not an idle threat. Other nations view trucking as the most important component in their economic progress."

He also talked about the trucking industry's so-called "good old days," prior to the 1980 Motor Carrier Act. In reality, "the cost of empty backhauls was eating private carriers alive," he said. Their extra cost for empty backhaul mileage in 1976 "averaged about 27%."

As an example of his claim that deregulation works, Skinner noted that empty backhaul mileage of private carriers re-entering Florida fell from 58% to 10%.

Overall, Skinner estimated, federal deregulation of the airline, railroad and truck industries has saved about $40 billion a year.

He also claimed that rural communities have not been abandoned in a free market: "A few years ago, we did a survey which showed over 97% of rural shippers and receivers – those more than 25 miles from an Interstate highway – reported that overall service quality was as good as or better than before deregulation."

And "there's no foundation for the charge that economic deregulation has affected safety," asserted Skinner. He noted that the "rates of fatal accidents, fatalities and injuries involving large combination trucks have been consistently lower since 1980 than in the pre-deregulation years of 1978 and 1979. The fatal accident rate per 100 million miles driven by these trucks has fallen by one-third since that time." □

FHWA: States will meet April 1992 CDL deadline

From CCJ's Washington Bureau

The Commercial Drivers' License (CDL) will go into effect by the April 1992 deadline despite some fears to the contrary, the Federal Highway Administration (FHWA) insists.

FHWA Associate Administrator Richard Landis noted recently that 10 states are issuing the licenses and are hooked into the national driver computer network (CDLIS).

A total of 27 states are also connected to the telecommunications network that will connect all the state licensing jurisdictions – AAMVANET – run by the American Association of Motor Vehicle Administrators (AAMVA).

Twenty-six more states should be issuing CDLs by the end of this year, and all states' CDL programs should be in full operation by mid-1991, well before the Spring-1992 deadline, Landis insisted.

His assurance followed release of a report by Congress' watchdog – the General Accounting Office (GAO).

The report said 13 states may not meet the deadline and, as a result, 360,000 drivers based in those states could lose their driving privileges.

However, an FHWA official noted that the GAO report was prepared when some states were looking for an extension of the deadline. Now, all states appear likely to beat the deadline. □

Corrected data on leasing market

A printer's gremlin sneaked into the chart that was part of the feature on leasing published on page 59 of the April issue of CCJ, creating confusion about Hertz-Penske's revenue and market share. Noted below is the corrected copy. The data, provided by Bowker, Brown & Co., Miami, spells out the shifts among the major lessors between 1980 and 1990. Total revenue in the truck lease-rental market grew from $7.8 billion in 1980 to $11 billion 1990. The 1980 total includes fuel program revenue.

	1980 Revenue (Millions)	1980 Market Share	1990 Projected Revenues (Millions)	1990 Projected Market Share
Ryder	$1,125	14.4%	$3,200	29.9%
U-Haul	$400	5.1%	$600	5.5%
Leaseway	$275	3.5%	(Now part of Penske)	
Hertz Penske	$223	2.9%	$700	6.4%
Saunders	$168	2.2%	(Now part of Ryder)	
Rollins	$113	1.5%	$340	3.1%
LendLease	$80	1.0%	$230 (Merged w/Whiteford)	2.1%

Percentage of drivers who passed various knowledge tests of the Commercial Driver's License Program

Here is a breakdown by state of the percentage of drivers who passed the various CDL knowledge tests, as of April 6, 1990. The data was collected by the Federal Highway Administration.
The following states had not yet begun testing: Connecticut, Delaware, Louisiana, New Mexico, South Carolina and Texas.

State	Overall	General	Air Brake	Combo Truck	Tank Truck	Hazmat	Double/ Triple	Passenger
Arizona[1 2]	NA							
California[1 2]	93%							
Colorado[3]		64%	71%	71%				
Georgia[1 2]	NA							
Illinois[1 2]	NA							
Maine[2]		89%	89%	97%	87%	86%	93%	86%
Maryland[1 2]		64%	80%	83%	85%	72%	79%	78%
Michigan[1 2]		66%	66%	69%	73%	61%	60%	61%
Minnesota[1 2]		71%	73%	73%	81%	64%	74%	63%
Mississippi[2]	76%							
Missouri[2]		78%	81%	88%	76%	76%	86%	68%
Montana[2]	88%							
Nebraska[2]	93%							
Nevada[3]		85%	92%	90%	NA	100%	100%	82%
New Hampshire[1 2]	88%							
North Dakota	44%							
Ohio[3]		84%	87%	87%	82%	73%	82%	84%
Oregon[1 2]		89%	86%	84%	92%	89%	85%	83%
South Dakota[2]	83%							
Tennessee[2]		88%	89%	91%	91%	88%	91%	87%
Utah[1 2]	91%							
Virginia[1 2]		92%	95%	96%	77%	94%	98%	97%
Washington[1 2]		80%	84%	80%	89%	NA	82%	86%
West Virginia[2]		88%	95%	93%	93%	83%	89%	94%
Wyoming	90%							

[1] – State issuing CDLs. [2] – State CDL testing program has been verified by FHWA. [3] – State CDL testing program under review by FHWA. NA – Data not available. *Source: Federal Highway Administration. Office of Motor Carrier Standards.*

State update: *taxes, permits, legislation*

Florida – Taxpayers engaged exclusively in interstate commerce as "taxpayers furnishing transportation services" are subject to Florida's corporate tax, based on their revenue miles in the state. Information: 904-488-6800

Indiana – refuses to issue Bingo stamps to carriers until either: 1) carrier files evidence of state established levels of insurance covering the transportation of hazardous commodities; or 2) exclude hazardous commodities from their Interstate Commerce Commission (ICC) operating authorities. Carriers operating in or through Indiana must obtain appropriate insurance or request the ICC to exclude the transportation of hazardous commodities from their authorities. Information: 202-275-7597.

Kansas – now allows triples to operate from the relay point in Goodland, 20 miles to the Colorado line, with five miles of access to terminals en route, plus the miles between Baxter Springs and the Oklahoma line.

Michigan – assessments for up to seven years back taxes for Michigan's Single Business Tax are being sent to motor carriers. Information: 517-373-3180.

New York – carriers picking up or delivering goods in New York are subject to the state's .0075 gross receipts tax. Information: 518-457-2751. □

Shippers, fleets surveyed on projected impact of deregulation in Europe after 1992

By PARRY DESMOND Executive Editor 215-964-4529

A survey of 250 European shippers and carriers revealed their perceptions and needs as they plan for deregulation in the European Economic Community in 1992.

Sponsored by GE Information Services (GEIS)—the Rockville, Md.-based subsidiary of General Electric Co.—the survey determined that transportation companies need a worldwide system capable of providing: electronics data interchange (EDI) to communicate business information; shipment tracking; and data on carrier reliability.

That's why Cargo-Link Services, an integration of database, applications and messaging systems, was recently introduced to the U.S. market, according to Manfred Berner, GEIS' worldwide marketing manager of Trade and Transportation. Cargo-Link is expected to be available this summer.

Significant changes

According to the survey responses, some 80% of the shippers "expect to make significant changes" in the way they run their businesses following deregulation and the creation of a single European market.

The shippers and carriers project post-1995 commercial transportation to be comprised of: five to 10 carriers that provide full service throughout the continent; hundreds of medium-sized companies with strong vocational or regional niches; and "tens of thousands of small, highly localized firms" handling short hauls.

As a result of fewer border problems, decentralized warehousing, just-in-time (JIT) shipments by fewer suppliers and shorter lengths of haul, they expect transportation costs to decline and less-than-truckload shipments to increase.

Specific responses noted in the survey report include:

• Although 42% of the shippers say they are involved in JIT shipments, only 54% of them claim to measure reliability of the transport services they use. Most of the shippers and carriers said reliability is more critical than transit time. Shippers assert that reliability is the prime criterion when selecting carriers. Some 90% of the respondents use for-hire carriers.

However, only 33% of the shippers and 25% of the carriers could quote reliability statistics.

• At least for intracontinental shipments, the use of traditional freight forwarder services is expected to decline since the need for special skills for handling cross-border shipments will be removed.

• The survey discovered "a mismatch of expectations," said Berner, when shippers and carriers were asked about deregulation's impact on freight rates.

Over 80% of the shippers expect freight rates to drop--67% think there will be a 10% to 15% decline, while 16% look for rates to decline as much as 25%. But 62% of the carriers said rates will either rise or stay the same. The remaining 38% claim rates will fall 10% to 20%.

"Almost without exception, however, carriers believe rates will stabilize and rise after a period of relative instability."

• "Very few" shippers use electronic data interchange (EDI), and 17% of the users "are at the experimental stage. Nonetheless, all [shippers] intend to begin using EDI during the coming years," and 75% of them expect to be online within two to five years. However, there was widespread uncertainty of the efforts required to introduce EDI, and of the long-term consequences of its adoption.

Although 50% of the carriers say they use EDI, shipment tracking and booking had a higher priority than EDI in the survey's ranking of information systems issues.

However, 88% of the carriers—but only 50% of the shippers—were aware of the role third party networks have in an EDI scenario.

• 100% of the carriers and shippers "didn't believe there were *any* excellent European transport firms." □

Ranking of importance of information issues by European shippers, carriers

Issue	Shippers	Carriers
EDI	2.04	5.29
Tracking	3.92	2.86
Statistics	5.54	2.86
Booking	5.87	3.57
Billing	7.04	5.29
Marketing info	7.75	9.71
Forecasting	7.96	8.43
Pricing	8.42	6.87
E. mail	8.58	9.86
Routing	8.66	8.86

The numerical values noted above are based on a scale of 1 to 10. As the issue's degree of importance decreases, its numerical value increases. Source: GEIS' *European Shippers Survey 1990.*